



ERIC W. ROSE Curriculum Vitae Court Qualified Expert Witness

Nationally Recognized Media and Communications Expert

Eric Rose is a veteran public relations, marketing, and communications executive with over thirty years of experience, including ten years as a partner in the largest independent public relations firm in Southern California. Eric has provided counsel to hundreds of clients in a broad range of industries including business, government, and non-profit at the local, national, and international levels.

Eric is a nationally recognized expert in law and litigation, crisis communications, reputation management and image repair and counseling. Eric has created public relations and marketing/communications programs for the legal profession and has provided litigation support throughout the United States. Additionally, for the past several years Eric has served as an expert witness and for decades has functioned as an expert information source and analyst for the mass media on issues relating to crisis communications, image repair and reputation management. He is a respected court-qualified expert witness and has opined on issues relating to crisis communications, defamation, damaged image, and reputation prevention and repair.

Areas of Expertise

- Crisis Communications
- Reputation Management
- Brand Management
- Strategic Communications
- Corporate Civic Engagement
- Social Media
- Defamation
- Public Relations

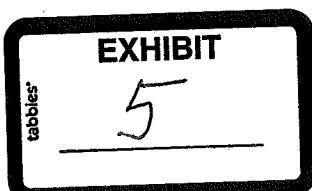
Eric specializes in communicating complex litigation issues so they are understandable, tangible and compelling to the targeted audience. His most successful work includes formulating communication strategies, in preparation for and during litigation, and previewing potential outcomes to key audiences in order to create and shape an environment favorable to the client's position. Eric has also been very successful in preparing post-verdict communications strategies to publicize favorable verdicts, diminish unfavorable verdicts, and present his clients and their attorneys in the best possible light.

Professional Experience

Englander Knabe & Allen, 2008–Present

Partner, Los Angeles, CA

801 S. Figueroa St., Ste. 1050 Los Angeles, CA 90017



Englander Knabe & Allen is a strategic communications firm specializing in lobbying, public affairs, crisis communications, and litigation support. The firm practices its trade at the intersection of law, media, and public perception, bringing a depth of critical understanding and a breadth of resources and experience that are unique in the public relations field. The *Los Angeles Business Journal* consistently ranks EKA as the largest Los Angeles-based independent public relations agency. EKA has a national reputation for excellence and as a result, many of the firm's clients are Fortune 500 companies.

Eric Rose is the practice leader of crisis and litigation practice. He works with a specifically tailored team of attorneys, media and public affairs specialists, and experts pertaining to the field of inquiry who are carefully selected to meet the client's needs. Eric's team connects case facts with legal or policy arguments designed to both inform and persuade audiences.

Eric advises clients on corporate reputation and special issues including environmental and safety issues, major litigation (such as class actions and fraud), natural and man-made disasters, labor disputes, product recalls, layoffs/plant closures, as well as crisis management and social media vulnerabilities. With more than twenty-five years of experience handling print and television investigative reporters, Eric successfully prevents hostile stories from appearing in print, television, or on the internet.

Expert Testimony

Because of Eric's background in working with law firms and being involved in litigation communication, often involving their clients who were in trouble (i.e. defendants) or in a crisis (i.e. plaintiffs), Eric has amassed a great amount of experience and expertise in aiding and counseling people, business, and other entities who are in a crisis. While Eric primarily focuses on long-term client engagements, he also provides expert witness testimony. The bulk of the cases have primarily been in the areas of libel, slander, defamation, reputation repair, and damage to a future professional career.

Rhonda Holmes v. Courtney Love

Eric provided expert testimony in a precedent-setting case involving Courtney Love, who was sued for posting a tweet about her former attorney. This was the first trial in the United States involving allegations of defamation on Twitter. Eric provided expert witness testimony regarding crisis communication, media relations, and reputation management. After an eight-day trial, a jury decided that Courtney Love should not be held liable for a tweet directed at her former attorney Rhonda Holmes. California, January 2014

Jacob Haiavy v. Theodora "April" Morris

Eric was an expert witness for a well-known doctor who sued his patient for defamatory comments on social media websites. Eric provided expert opinion and analysis on how it is nearly impossible to remove defamation from the internet. His analysis included a detailed overview of the steps necessary for content removal and the cost of rehabilitating the doctor's good name and businesses. Eric examined the impact and dissemination of the comments on social media websites and how those comments harmed the doctor's professional reputation and economic condition. Eric's client won the case and was awarded the amount Eric recommended for rebuilding the doctor's reputation. California, February 2016

Dr. Jose Lopez v. Healthcare Group and OptumRx

Dr. Lopez sued two insurance companies after his patients began informing him that their pharmacists would no longer fill their prescriptions. Over six-months the patients were being told (falsely) by the defendants that Dr. Lopez was a sanctioned provider by the federal government and unable to write prescriptions. Eric was retained to address the effects of the dissemination of false information to the doctor's professional reputation, to determine the appropriate standard of care/crisis response that should have taken place, and to provide an overview of action necessary to recover the doctor's good professional reputation. A three-judge binding arbitration panel heard the case and they awarded Dr. Lopez \$1.5 million dollars. Florida, November 2016

Dr. Henry Higgins & Dr. Nathaniel Greenwood v. Dr. Rena Salyer

Dr. Henry Higgins and Dr. Nathaniel Greenwood sued Dr. Rena Salyer for damage to their reputation after Dr. Salyer allegedly spreading false and defamatory information to employees, patients, the community and the media. Eric was retained to address the effects of disseminating false information on the doctor's and practice's professional reputations. Eric was asked to provide analysis and offer an opinion on the potential impact and damage to their image, examine the impacts to the practice as a result of the alleged acts and offer his expert opinion on the steps the plaintiffs should consider taking to recover their good professional reputation and lost business. The case is pending. Texas, January 2018

Carter v. Louisiana Pacific Corporation

Cassandra Carter and her friend were on a second story deck with a concrete patio below when without warning—the deck gave way underneath and they fell to the concrete patio below, where they suffered serious injuries. Carter sued the manufacturer Louisiana-Pacific Corporation, the contractor, the wholesaler and the distributor Taiga. Taiga retained Eric and he provided analysis and offered an opinion regarding corporate communication, crisis management, the recall instructions to Taiga. Eric offered his views on the reports of the other experts who attempted to shift the blame to Taiga. The day after Eric's deposition, Louisiana-Pacific Corporation settled the case and Eric's client did not have to pay any damages. Nevada, April 2018

CMFG Life Insurance Company et al. v. Banc Insurance Agency, Inc

Plaintiffs CUNA Mutual and TruStage Insurance Agency, LLC sued Defendants Banc Insurance Agency, Inc. and Jeffrey Chesky for defamation and tortious interference based on false and defamatory statements which Defendants communicated to CUNA Mutual's current and potential customers, with the intent of trying to convince those customers not to do business with CUNA Mutual. It is alleged that Defendants repeatedly and intentionally communicated false statements to CUNA Mutual customers regarding its business practices and the CEO publicly asserted false and defamatory communications with intent to harm CUNA Mutual's reputation and interfere with its current contractual and customer relationships.

Eric was asked to provide analysis and offer an opinion on the potential impact and damage to CUNA Mutual's reputation. He was asked to offer his opinion regarding the steps CUNA Mutual should take in my opinion to repair the harm to its good professional reputation, and to offer my professional opinion on damages associated with repairing the damage to CUNA Mutual's

professional reputation caused by the dissemination of the allegedly defamatory information. The Federal Court case settled in May 2018.

Johnney Bennerson vs. Shelley Stevens

Mr. Bennerson, Ms. Stevens and others were celebrating at a company dinner and after dinner, Ms. Stevens became intoxicated and exceedingly flirtatious with several males. Following dinner, the group broke up and Mr. Bennerson eventually retired to his room. Ms. Stevens, perhaps embarrassed by her drunken displays and flirtatious behavior, concocted a false and defamatory story that evening about Mr. Bennerson coming onto and propositioning her. Ms. Stevens then spread malicious lies within the company about Mr. Bennerson for the explicit purpose of retaliating and wrecking Mr. Bennerson's reputation. Eric was asked to provide an analysis regarding the reputational harm to Mr. Bennerson and to address the effects of disseminating false information. After a jury trial, Mr. Bennerson was awarded \$150,000.

Litigation Support

Eric has provided litigation or communications for clients represented by multiple law firms, including:

Arnold & Porter LLP
 Armbruster Goldsmith &
 Delvac LLP
 Baltimore Trial Lawyers
 Boies, Schiller & Flexner
 LLP
 Bryan Cave LLP
 Burke Williams &
 Sorenson
 Cox Castle & Nicholson
 Brown Winfield
 Canzoneri & Abram, Inc.
 Dongell Lawrence Finney
 LLP
 Finch, Thornton & Baird
 LLP
 Garber & Associates
 Gibson Dunn & Crutcher
 Greenberg Trauig
 Jackson Tidus

Jeffer Mangels Butler &
 Mitchell
 Katten Muchin
 Kaufman Law Group
 Lanier Law Firm
 Latham & Watkins
 Law offices of Kevin J.
 Keenan
 Lemons, Grundy &
 Eisenberg
 Loeb & Loeb
 Manatt, Phelps & Phillips
 Mary Dale Law Firm
 McDermott, Will & Emery
 McKenna Long &
 Aldridge
 McNaul Ebel Nawrot &
 Helgren PPLC
 Meister Law Offices
 Miller Barondess, LLP

Morgan, Lewis & Bockius
 LLP
 Morrison & Foerster
 Parris Law Firm
 Pillsbury Winthrop Shaw
 Pittman, LLP
 Rheuban & Gresen
 Ryu Law Firm, APC
 Seki, Nishimura & Watase,
 LLP
 Seyfarth Shaw LLP
 Skadden Arps
 Stone, Busailah, LLP
 Squire Patton Boggs
 Straussner Sherman
 Weekley Schulte Valde
 Weston Benshoof Rochfort
 Rubalcava & MacCuish
 (now Alston & Bird)
(Partial List)

Examples of Work

Intellectual Property and Technology

Data breaches are among the worst kind of modern corporate crisis because they financially and emotionally impact large numbers of individual customers. Protecting reputation is not necessarily about the crisis, but about how the crisis is handled and the actions that are taken to

restore trust. When consumers are personally threatened or affected by a breach, they can become powerful influencers of public perception the minute their stories are amplified across social networks. When millions are individually threatened, their reaction can severely damage an entire business, regardless of size. Eric has worked on several cases in the healthcare industry, helping national healthcare companies institute comprehensive response programs to both repair damage and restore customer trust after a data breach.

Hazing Death

When a student died in a fraternity hazing incident, a major university hired Eric to help the university deal with crisis communication and crisis management immediately. Eric assisted the university immediately after the incident, during the formal investigation, and through the conclusion of the incident (which had attracted national attention).

Food Recall

Eric has assisted several major brands with food product recalls. In one case, Eric received a call from an international food company after they received reports, from various places in the United States, that customers reported illness resulting from consuming their product. The biggest initial challenge was to determine the scope of the recall in the face of incomplete information. Eric worked with the company CEO, legal counsel, and sales team to assess the facts, substantiate the accuracy of information, and subsequently relay that information in a concise and transparent way to the public and other stakeholders. Eric drafted scripts for the company's reference when assisting customers and drafted releases addressing both wholesale and consumer recalls. In the end, a full recall was avoided, and an escalating crisis was halted within five days of the initial call.

Outbreak Response Plan

When a large Southern California hospital identified a person who had been diagnosed with active tuberculosis (TB), Eric worked with the hospital and the County Health Department. Eric developed a detailed outreach plan in order to determine the health status of patients and staff who were identified as being in close contact with the person diagnosed with TB. As part of the plan, Eric created a comprehensive Outbreak Response Plan (ORP) which included composition of the response team, detailed notification procedures, local and state public health responsibilities, data management, communication, training and education, community partnerships and identification of all possible ways to disseminate the outbreak and testing information to the public, stakeholders, and partners. The most critical component of the plan was to ensure that every potentially impacted person was identified and notified. Topic fact sheet (e.g., description of an outbreak investigation, transmission of TB, treatment, were also created.

Criminal Issues & Government Investigations

When a national university discovered that a member of the faculty had committed academic fraud involving multiple college athletes, the school hired Eric to assist with formally notifying the NCAA of the violations, developing an approach to get everything out in the open, and creating a process for rehabilitation of the sports program. Eric's strategy began with the premise that if the school does not tell its story on their terms, someone else will tell it for them. The university leadership did not want to "conceal and cover up" what occurred, and they did not

want to mislead the public. Eric developed a “reveal and reform” strategy which resulted in the NCAA accepting the university’s self-imposed sanctions.

Sexual Harassment/Employment Discrimination/Labor

Eric has applied the same philosophy and principals of proactive media management and scrupulous honesty when clients came to us as sexual harassment allegations and stories broke across the nation.

- A highly respected television producer who had been honored multiple times for his leadership on women’s issues learned that a prominent lawyer was going to publicly accuse him of sexual harassment, Eric preemptively issued a statement for our client and publicly exposed the situation, which resulted in the media casting doubt on veracity of the claims.
- When a legendary entertainment executive was faced with assault charges, Eric assisted in crafting his unequivocal denial regarding the allegations to the media. We also assisted the entrepreneur in shaping the announcement that he would be stepping down from his various businesses to protect hundreds of employees. He also committed himself to continuing his personal growth, spiritual learning, and listening.
- When a major NYC restaurateur was accused of sexual harassment and was alleged to have subjected employees to unwanted sexual advances, public groping, and lewd text messages, Eric was retained to protect brand, assist the client in restoring the restaurateur’s reputation. Eric then put an action plan in place to defend the client against personal attacks, customer complaints and blatant falsehoods.
- When *The New York Times* contacted a famed director about a notorious movie mogul’s alleged sexual assault of the director’s former girlfriend, Eric helped the director get ahead of the issue by detailing his account of how he confronted the executive over the casting of his next movie and describing what he hopes the entertainment industry will do to reform itself in the wake of an ongoing harassment and abuse scandal. The headlines that followed all portrayed our client in a positive light and focused on the abuses of the executive and the industry in general.
- When a California school district began hearing complaints from a large group of parents and a Legal Aid Law Center alleging significant Title IX issues at the high school as related to male and female locker rooms, the superintendent retained Eric’s services. Eric designed a communication program to address the issues and avoid potentially costly litigation. He advised the superintendent to personally inspect the facilities with a few parents to assess the needs and viability for upgrades. Eric’s communication plan included an overview and outline of changes the school would make to achieve Title IX compliance. In addition, he worked with the district to publicly announce the new women’s locker room makeover and to highlight four new women’s sports at the school—including water polo, golf, tennis, and soccer. The plan to proactively inform the community that all students had equal access to

facilities and an equal opportunity to participate in sports demonstrated that the district was committed to Title IX. The plan worked and costly litigation was avoided.

- Numerous police officers filed a lawsuit claiming years of race and gender-based harassment, discrimination, and retaliation. The police department immediately placed a gag order on all plaintiffs. Working with the police officers' legal team, Eric constructed a communications theme and successfully placed stories in all local papers, which resulted in extensive traditional and social media coverage. In addition, he arranged for media coverage of the gag order itself, which shaped public opinion and put the police department on defense, which ultimately required the department to respond to both the complaint and the attendant media coverage of the allegations.

Threatened Litigation

After a teacher at a Northern California Jewish school was cleared by authorities of inappropriately touched a student, the parent retained legal counsel and threatened to bring a civil lawsuit. Eric created a communication strategy that included a media statement, statement to parents, faculty and talking points if a lawsuit was filed.

Hotel Labor Issue

For two years, Eric assisted a well-known hotel Los Angeles with their ongoing labor dispute. The hotel was involved a labor dispute which involved numerous workers filing complaints with the California Labor Commissioner's Office. For over six months, workers with the assistance of the union, the employees engaged in regular picketing and other activity while demanding that management agree to card-check, which does not ensure true employee free choice. Eric developed communications to inform the public that the hotel supported the secret ballot election process conducted by the National Labor Relations Board to protect employees' right to vote in a neutral, private environment. Eric worked with the hotel and their legal team to petition the National Labor Relations Board to hold supervised secret-ballot elections.

Celebrity Horse Trainer

When seven horses died in a 21-month period, a Hall of Fame trainer received a great deal of attention that harmed his reputation., Eric implemented a communication strategy that had three objectives: (1) highlight the trainer's commitment to horse safety and his history of success with minimal injuries, (2) protect his well-earned reputation and (3) set the tone for the debate as opposed to responding to false charges. Eric was able to achieve these objectives by demonstrating a desire for solutions, showing that the horses died of factually unclear reasons and demonstrating that the trainer was also seeking conclusive results for the cause of death. We pushed outside agencies to conduct independent investigations—to perform their own necropsies and look for other causes, including contaminated soil and air quality. Three months after the campaign began, the trainer and his staff were cleared of any wrongdoing by the Horse Racing Board.

Horse Racing Deaths

After the death of two-dozen horses at a horse racing track, Eric helped his client with media and crisis communications. Eric worked with executives to announce stricter standards including a “zero tolerance” stance on race-day medication and stricter rules on the use of riding crops. The changes resulted in praise from critics who called the move “a historic moment for racing.” In addition, Eric oversaw communications to key stakeholders and the announcement that the track would provide money to help horsemen impacted by the decision with the rehabilitation, retraining, rehoming and aftercare of any horses unable to race as a result.

National Railroad Company

From 2008 to present, Eric has worked with a large national railroad company to manage the communications involving a highly controversial \$900 million expansion project. Eric works closely with the company’s general counsel and prepares messages for a variety of internal and external audiences—including employees, customers, vendors, and the financial and investment communities. Eric also monitors traditional media, blogs, websites, and trains company spokespeople in effective communication response.

National Construction Company

For the last several years, Eric has worked with one of the largest publicly traded diversified infrastructure providers and construction companies in the nation. Eric worked with the company on media relations, crisis communication, and internal communications to help protect their reputation regarding border security work.

Threatened Nurses Strike

When nurses at a large Southern California threatened a ten-day strike, Eric created a comprehensive communication campaign aimed at hospital employees, the media, community stakeholders and the union. The threatened strike involved conflicts over pay, benefits and staff workloads. Understanding that a strike could hurt the hospital’s reputation, finances and patient care, Eric who acted as spokesperson for the hospital, created a variety of communications to let all parties know that delivering safe, high-quality care to the community was a top priority. Though a series of press releases and fact sheets, the hospital made it clear that it had taken the necessary steps to fulfill their responsibilities to our community and had contracted with qualified and experienced replacement RNs in the event of a strike occurred. After months of tense negotiations, and recognizing striking nurses would be replaced, a strike was averted.

Class Action Lawsuit

When a major utility company overcharged customers over \$70 million following the rollout of a flawed billing system, Eric provided strategic communication services to the out-of-state law firm that brought a class action lawsuit asserting claims for fraud, negligent misrepresentation, breach of contract, unjust enrichment, and violations of the California Legal Remedies Act and California Unfair Competition Law. Eric worked with the law firm, both prior to and post settlement, to ensure that customers and the media understood the settlement provisions which included the return of every penny owed to customers. The settlement also required that the utility company implement specific customer service performance metrics and submit to court oversight even after all funds were repaid to the customers.

Threatened Environmental Litigation

When an exclusive private school discovered potentially carcinogenic materials had contaminated their campus, school officials were deeply concerned that misinformation would incite panic and decimate enrollment. Highly visible environmental mitigation work, including drilling and restricted access, made it imperative that parents, students, teachers, and staff were informed of the situation in a way that made them feel confident, comfortable, and safe. Eric set up a social media monitoring effort and worked closely with the school's legal and technical experts to develop and implement a series of meetings and outreach activities to communicate the facts and address parent fears and concerns. The environmental mitigation program was successfully completed, and school enrollment was not affected. Through proactive efforts, the school was able to avoid any mention of the issue in both traditional and social media outlets.

Environmental Justice

Rattled by high levels of carcinogenic hexavalent chromium in their city, residents waged a campaign with local regulators and the media in an effort to stop our client from expanding their medical waste treatment plant operations to seven days a week. Our client's operations are located about 700 feet from the nearest home and under 1,000 feet from an elementary school. Despite going through extensive permitting, evaluations, assessments, and reviews before being granted a permit to originally operate the plant, the community used my clients desire to expand operations at a rallying cry for environmental justice. Eric was retained by the medical waste company to protect their reputation, develop and implement a comprehensive communications plan and work with the public affairs team to prepare them for public meetings. As part of the campaign, Eric developed a bi-lingual PowerPoint, convinced the plant operators to open the operations for organized tours. In addition, Eric created a detailed bi-lingual Myths and Facts booklet to addresses the popular myths about the plant and dispel those myths with verifiable facts from independent third parties. As a result, the plant received the necessary permits to operate seven days a week.

Product Defect Case

When a Japanese multinational engineering, electrical equipment, and electronics company was sued by a large California utility for \$7.6 billion for delivering equipment that ultimately led to the permanent closure of a plant, Eric was retained by the Japanese company to develop a comprehensive communications plan. Three years after the case was filed, his client scored a major victory when the plaintiffs were awarded only \$125 million, which was less than the liability limit under the contract. Eric worked very closely with the company's lawyers and in-house public relations team and approached the challenge from three perspectives: public relations, government relations, and legal. Eric identified the most probable scenarios likely to play out, and then developed a detailed plan to deal with messaging for each scenario. When the award was announced, the story was picked up by over 250 newspapers and trades worldwide, and our client's stock soared.

Unfair Competition Lawsuit

After losing a large fraction of market share to a competitor who misrepresented his product to the public, Eric's client brought suit in federal court seeking damages and an injunction against

false advertising. Eric mobilized public opinion by coordinating public interest groups, which adversely affected individual consumers, public health specialists, and regulatory agencies in support of our client's position. He successfully placed news stories nationwide questioning the honesty of the competitor's advertising and raising legitimate concerns about the safety of the competitor's product. The competitor agreed to settle out of court following a public hearing by an influential legislative committee. Settlement terms are confidential, but the competitor changed his advertising practices to eliminate the false claims that were at the heart of Eric's client's lawsuit.

The Invisible Plume

In October of 2015, a massive gas leak was discovered adjacent to the residential community of Porter Ranch. Thousands of the communities 30,000 residents had to relocate after suffering illnesses caused by the natural gas leak. The media interest in the issue was sparse because, even though it was the single worst man-made gas accident in history, the problem was not visible to the human eye. Eric was retained by several law firms to make the issue a front-page story. He convinced the clients to obtain infrared footage of the leak—which made the invisible gas visible. Immediately upon releasing the video, the story gained worldwide attention. Headlines described the situation with words like “catastrophe” and “disaster,” and the lawyers who released the video were highly sought after by news organizations around the world.

Municipal Crisis Communications

When two people died, and twelve others were injured after a runaway car carrier slammed into a bookstore and coffeehouse, Eric helped the municipality manage its communications. Within hours of the accident, we worked with city officials to offer sympathies to the family and friends of the two-people killed in the collision, as well as to issue numerous demands to the state addressing the significant and ignored safety issues the city raised over the years. Eric provided key reporters and editors with a timeline and key documents showing that the state had been put on notice and that warnings were ignored. Eric made city officials available to reporters and quickly organized a news conference with local and state officials. Using tested crisis techniques, we assisted the city in being responsive during the first 72 hours of the crisis and not operating on a 9-to-5 schedule. The city called for the state to ban trucks on the highway and when reporters called the State for comment, there was no immediate response. As a result, news stories the night of the incident laid out the facts from the city and immediately shifted attention to where it properly belonged.

Personal Injury Litigation Appeal

Eric managed litigation communications following a horrific traffic accident involving a publicly traded transportation company. The incident involved nearly fifty vehicles and resulted in multiple fatalities. Eric's work focused on directing traditional and social media attention to the primary cause of the accident (faulty road design and management) and reducing speculation concerning the client's involvement. His research on the history of road-construction errors, errors in setting speed limits, and errors in maintaining required safety warnings enabled him to persuade the media to reverse their initial conclusions and to withhold judgment on the ultimate cause of the accident.

Western Sugar Cooperative v. Archer-Daniels-Midland, Co

For over four years, Eric handled litigation communications for the plaintiff in a \$1.6 billion-dollar misleading advertising case. Eric worked for the producers (plaintiff) of table sugar who sued the makers of high fructose corn syrup (HFCS), alleging that the defendant ran a television and print campaign that contained false representations about HFCS—representations which constituted false advertising under the Lanham Act and a violation of the California's Unfair Business Practices Act. Eric worked closely with the legal team and was responsible for framing key issues and ensuring proper perceptions as the case moved to trial. Halfway through the bitter billion-dollar battle, the sugar processors and the makers of HFCS announced a secret out-of-court settlement.

Western Sugar Cooperative v. Johnson & Johnson

For several years, Eric handled all the litigation communications for the plaintiffs in a false-advertising lawsuit against the company that makes the sweetener Splenda. Filed by five US sugar companies, the Lanham Act litigation centered on the claim that Johnson & Johnson deliberately misled consumers with its “made from sugar, tastes like sugar” advertising campaign. The plaintiffs alleged that the defendants not only intentionally misled consumers about whether Splenda was natural but also continued the advertising campaign knowing that people were confused. The two sides settled the day before jury selection in federal court.

Post-Verdict Defamation Lawsuit

Eric’s clients filed a defamation and intentional infliction of emotional distress case against a prominent businessman. Following a successful verdict, Eric implemented a traditional and social media strategy and arranged for media coverage that included stories on the verdict as well as the success of the litigator. The story was covered worldwide. In addition, the successful litigator was named “Litigator of the Week” in several publications.

SpaceShipOne

In 2004, Eric was responsible for the public relations efforts surrounding the launch of SpaceShipOne, the first privately developed spacecraft to reach suborbital space with the first ever civilian astronaut. After multiple visits to the Mojave Airport to tour onsite facilities, Eric coordinated the PR, logistics, and event staging to host over 600 credentialed journalists. In addition to event press materials, Eric created detailed hypothetical crisis materials, including speeches and press releases to be disseminated in the event of a disaster. Media outlets from Chile to China and around the world reported on the SpaceShipOne launch. Over 300 local and international newspapers featured the flight, with many including coverage as a front-page story.

Airline Crash

In October 2000, an airline jet crashed while attempting to take off under poor weather conditions. Eighty-three of the 179 passengers were killed aboard the flight headed to Los Angeles. Eric moved quickly to assemble a team of crisis and media specialists to assist the airline company with managing the flow of information to passengers, family members, employees, government officials, key stakeholders, media reporters, and the general public.

September 11 Terrorist Attacks

In the hours after the tragedy of September 11th, Eric led the external proactive media outreach efforts for a major US airline and airport. His work included crisis and public relations support,

offline and online media monitoring, and research. Additionally, Eric implemented pre-approved crisis-related media materials and messages and developed new messages for the airport staff and the Los Angeles Mayor. The success of the effort resulted in the City of Los Angeles retaining Eric to develop and coordinate a massive post-September 11th event for the airport.

Reactive Litigation Communication

Qui Tam Lawsuit

When a hospital chain reached an agreement with the U.S. Justice Department to settle a whistleblower (qui tam) lawsuit filed by a former employee, Eric drafted the press release for the hospital, and developed communications documents to be used with employees, key stakeholders and elected officials.

California Proposition 65 Lawsuit

When an environmental organization brought a California Proposition 65 (which requires the state to publish a list of chemicals known to cause cancer or birth defects) case against most major manufacturers of chocolate products, Eric helped ensure that the announcement was a “one-day wonder” that gained no media traction. Before the announcement, he prepared key documents, selected and secured third-party advocates, hired media-trained spokespeople, and produced B-roll. Eric conducted extensive opinion research to test the messages and to evaluate which spokespeople would be most credible among key audiences. At the plaintiff’s press conference, he distributed the client’s statement, subsequently providing B-roll and, to select media, a spokesperson. The plaintiff’s case was successfully characterized as a sham. There was almost no media follow-up, the minimal settlement went unreported and chocolate sales were unaffected.

Product Liability Appeal

Eric was hired after a client was hit with a multi-billion dollar compensatory and punitive damages award. Until the verdict, the media had ignored the case. As a result, the subsequent media coverage focused on the size of the award while assuming the truth of the allegations against the company. Eric’s litigation communication team was retained to bring balance to the coverage in advance of post-trial motions. Eric’s team changed the terms of the debate, focusing on rulings by the judge that prevented the company from putting on a complete defense. He worked with eminent third parties to formulate and disseminate public policy arguments on his client’s side, and also worked with national organizations to set up conferences to discuss litigation abuses. The articles that appeared before and after the post-trial motions were generally balanced and helped garner positive coverage of the eventual appeal.

Federal Antitrust

Charges were filed against Eric’s client by numerous state Attorneys General and private attorneys after accusations of attempted monopolization and price fixing were made by federal regulators. Initial press coverage, before he was retained, highlighted the allegations and included only a boilerplate denial of wrongdoing by the company. Eric’s client decided, among other things, to challenge the federal agency’s authority to bring suit. Eric’s team used this

argument to put the agency on trial. Articles were written, op-eds placed, and conferences held that shifted the focus of the coverage away from the alleged actions of the company. By the time the court ruled against the company, the case was in discovery and the media had lost interest.

Private Antitrust

A leading inkjet printing company faced several lawsuits from smaller competitors and refillers alleging anticompetitive practices. Since public sympathy appeared to be on the side of the “plucky little fellow” challenging a “bullying behemoth,” Eric was hired to make the company’s case more sympathetic to the general public. Working closely with the client’s legal team, he developed a series of communications themes that his testing showed would resonate with audiences outside the courtroom. By stressing that his client provided the assurance of quality and improved consumer choice, Eric successfully blunted the opponents’ campaign to paint his client as an enemy of the public interest.

The cases above represent a partial list of crisis communication work Eric has done through his career.

Reputation Management

Corporate Reputation Management

With electricity bills spiking sharply in California, the public outcry became a daily newspaper story, and our client, a Fortune 500 company, turned to our team for help. The client wanted to calm local opinion, to accustom people to the long-term reality of higher bills and to educate them on the wider issue of a broken wholesale market and lack of power supply. Eric was also tasked with garnering support for efforts to improve the situation, and to guard against a public and political backlash against deregulation or other harmful measures. As the energy crisis began to grip the whole state of California, our client needed to maintain a major place in the debate without being seen in the same light as the much more troubled electricity providers.

After conducting exhaustive research with electricity customers and a media audit of electricity coverage, Eric led a team that implemented plans that allowed the company to weather the electricity crisis. Tactics included placing numerous op-eds, scheduling editorial board meetings, writing press releases, placing paid media, creating new marketing materials and developing ratepayer assistance programs. The insights gained from the focus groups and media audit guided the development of the materials. The multiyear effort succeeded in calming public and media hostility, in gaining acceptance of the broad power crunch and in providing an understanding of why bills rose so high. The reputation effort refocused debate away from the utility and toward the underlying, broader issues. Eric’s team successfully kept attention away from our client except where it mattered—among legislators and other officials and on Wall Street. We not only protected the client’s corporate image but enhanced it.

Medical Diagnostics Company

When a business associate was indicted by the US Attorney for allegedly scamming insurance companies out of nearly \$300 million, the company’s management team and highly qualified doctors retained Eric to help ensure that the crisis (that did not involve an employee) did not

disrupt business operations, damages their reputation or negatively impacts their relationships in the medical industry

Environmental Management Company

Eric provide media relations and reputation management company to a national environmental compliance and remediation construction company when a reporter for a large newspaper sought an interview regarding the failure to execute a contract with a government agency for the cleanup of contaminated properties despite being awarded the bid though an RFP process.

Tax Services

In 2005, the dominant provider of tax services with a national network standing for quality and reliability reputation and integrity was under attack by consumer activists, government officials and the media. Eric helped develop and put together a team to implement a comprehensive brand reputation and image program. The campaign was successful and helped to protect and enhance the firm's legacy as a high-quality, high-integrity provider of sophisticated tax and financial services for middle Americans.

Holding Company

When a holding company in the utility field wanted to institute a branding initiative that would help to increase stock market valuation of the company and achieve positive recognition for the company and the executives, Eric helped develop the plan and oversaw the team which implemented the strategy.

Major Utility

A major natural gas company was perceived as aloof and did not have an integrated community-outreach program. Eric developed a long-term systematic outreach plan to key community stakeholders. Because of Eric's efforts, they now monitor social media platforms and proactively address reputation issues.

Music Promoter

Following the drug overdose death of a fifteen-year-old attending a rave, Eric was hired to assist the national company that hosted the event with a reputation building and repositioning campaign. The campaign's purpose was to deflate and deflect negative misconceptions tied to the company's festivals and events—namely the perceived connection to illegal drug use. Critical to the success of Eric's efforts was ensuring that the campaign worked across multiple platforms: traditional media, social media, and in-person communications. The campaign was a success and the company was able to not only maintain their leadership position in the industry, but they were also able to grow.

Family Spokesperson

Eric was hired by a family who owned hotels and an NBA basketball team to handle the negative attention they were receiving in both mainstream and local media. Eric created and implemented a strategy for the family that allowed them to maintain fan loyalty and win respect from their business partners while they sold the team for a record profit.

Union Campaign

When the Service Employees International Union (SEIU) identified a major hospital chain as its primary target and began attacking the core values and community service records of several hospitals because they refused to allow a card check for organizing, Eric developed a communications strategy to put out the facts and protect the hospitals' reputations. While the hospital chain was not opposed to union organizing efforts, the management felt a secondary voice was necessary to combat the SEIU's misinformation. We developed a multi-disciplinary campaign to challenge the SEIU's claims and provide employees with truthful information about the potential impact and costs of union representation. To rebuild pride in the hospitals, we developed a few key initiatives focused on employee morale. At the same time, the hospitals launched a targeted and aggressive education campaign, which provided accurate information about union organization to constituents (i.e., religious community, elected officials, patients, medical staff, hospital communities and the public).

Elements of the campaign included a poster series featuring employees who represented the true spirit of the hospitals, a series of communications pieces featuring community service outreach programs sponsored by the hospitals and a series of morale-building events during the holidays to recognize employee contributions. In addition, the campaign included a brochure focused on the hospital chains mission and its commitment to the needy and underserved to combat the SEIU's attacks on those issues. The strategy to highlight individual programs rather than debate directly with the union helped neutralize the issues. As a result of Eric's efforts, the service employees overwhelmingly rejected union membership in favor of maintaining their direct relationship with management.

Labor Dispute

For two years, Eric directed the effort of a national hotel chain independently owned hotel in Los Angeles with a labor dispute. Eleven workers filed complaints with the California Labor Commissioner's Office alleging they had missed breaks required by law. Several weeks later, workers went on an all-day strike to protest these allegations. For over six months, workers with the assistance of UNITE HERE engaged in regular picketing and other activity while demanding that management agree to card-check, which does not ensure true employee free choice. We developed communications to inform the public that the hotel supported the secret ballot election process conducted by the National Labor Relations Board to protect employees' right to vote in a neutral, private environment. UNITE HERE refused to participate in an election process and began a "corporate campaign." We worked to aggressively counter UNITE HERE'S claims, by touting the hotel's industry-leading wages and benefits packages, its outstanding workplace-safety record and its role as a recognized leader in promoting a diverse workforce. We worked with the hotel and its legal team to petition the National Labor Relations Board to hold supervised secret-ballot elections. Two years after the dispute began, the owner decided to sell the hotel and asked Eric to develop a plan to allow for a union. The client then told prospective buyers they would be purchasing a hotel with a unionized workforce and that the ongoing labor dispute had been settled.

International Food Manufacturer

For the last three years, Eric has been working on a project for an international food manufacturer that makes olive oil. The project includes monitoring a variety of social media sites

and developing responses to consumer and media concerns. Eric's job was to determine when and how the company should respond to traditional and social media stories.

The reputation management examples represent a partial list of the reputation work Eric has done over his career.

Crisis Communication

Among many and varied assignments, Eric has assisted clients on all aspects of dealing with national media including *60 Minutes*, *Dateline*, *20/20*, *Fortune*, *The Los Angeles Times*, *New York Times* and countless local media outlets. Eric has counseled clients on product recalls, guided clients on public image problems arising from legal disputes or government investigations, coordinated readiness plans and conducted crisis simulations for global corporations.

Eric has counseled clients on protecting their reputations in the wake of rogue employee actions. He has also trained company spokespeople facing hostile questions from investigative reporters or a wary investor community. He has prepared CEOs and even nuns to testify before legislative bodies, and also provided round-the-clock, on-the-ground support when a crisis has occurred.

As part of his crisis communication practice, Eric has helped companies develop ironclad policies and practices for handling personal, confidential, and sensitive information in the workplace. For a client in the medical field, Eric assisted the company in developing responsible data-handling practices, workplace privacy policies, and the implementation of regular training programs for employees.

Development of Crisis Communication Plans

Throughout his career, Eric has developed outreach and communications plans for a broad range of local, national and international clients. Plans developed include:

- A crisis communication plan for a large Japanese electronics company who is one of the world's largest manufacturers of computer printers and information and imaging-related equipment
- A crisis communication plan for an American multinational toy manufacturing company headquartered in Southern California
- A crisis communication plan for an international company that exports olive oil to the United States
- A management, communications, and total guest satisfaction crisis plan for an international cruise line brand founded in Norway and based in Miami, Florida
- A recall and crisis plan for an American biopharmaceutical company that has discovered and developed numerous commercialized therapeutics
- A crisis communication program and plan for a waste management and environmental services company headquartered in Texas

The examples above represent a partial list of dozens of crisis communication plans Eric has developed throughout his twenty-six-year career.

Publications

Throughout Eric's professional career, he has written on a wide variety of subjects related to public relations, crisis communications and reputation management for business as well as for specialty areas (e.g. legal marketing/litigation support). Eric has written many articles for a variety of local, regional and national general, business, publications, including newspapers and websites. A sampling can be found below.

- Branders: What to do when things go wrong, Branders Magazine – March 7, 2018, https://issuu.com/brandersmag/docs/branders_issue_9/28
- Not Her Mother's Daughter: The lessons of Lisa Bloom, City Watch – October 23, 2017, <http://www.citywatchla.com/index.php/los-angeles-for-rss/14241-not-her-mother-s-daughter-the-lessions-of-lisa-bloom>
- When Cops Get 'Lit Up' – Reacting to a Law Enforcement Crisis, American Police Beat – December 12, 2014, <https://apbweb.com/cops-get-lit-reacting-law-enforcement-crisis/>

Seminars & Speaking Engagements

Throughout his professional career, Eric has spoken, written, and lectured on a wide variety of issues regarding public relations, crisis communications, litigation support, and social media.

- Crisis Communications Training – California Bar Association – MCLE Credit
- Guest lecturer on crisis and litigation communication at the University of Southern California (USC)
- Guest lecturer on reputation management at the California State University Northridge, (CSUN)
- Seminar for LAPD management regarding social media, mass communication, and mass gatherings
- Seminar for the San Diego County District Attorney's Office on crisis management in the digital era
- Seminar for the Ventura County District Attorney's Office on social media for communications
- Seminar of the California Police Chief's Association responding to social media and reputation management issues

Media

Eric is a frequent media commentator on crisis and reputation management issues and is a frequent guest expert on CNN and KCBS/KCAL television. Topics range from the current political stories of the day to crisis communication issues. Eric is also frequently quoted in local and national newspapers regarding crisis and reputation issues.

Career Achievements

- Sabre Award Winner, Public Affairs
- PRSA Silver Anvil Award Winner, Corporate Reputation/Brand Equity

Education

California State University, Northridge, Political Science



Englander Knabe Allen & Associates
801 S. Figueroa Street
Suite 1050
Los Angeles, CA 90017

Invoice

Bill To	
Baker Donelson 100 Med Tech Parkway, Suite 200 Johnson City, TN 37604 Attn: Brent B. Young	

Date	Invoice #
3/25/2019	2019-1485

Terms
Due on receipt

Quantity	Description	Rate	Amount
	McGlothlin v. Hennelly US District Court for the District of South Carolina Case No. 9:18-cv-00246-DCN Deposit - To Be Held Against Final Invoice	7,000.00	7,000.00
			Total \$7,000.00

Phone # 213-741-1500

McGlothlin_00021



To: Brent B. Young
 From: Eric W. Rose
 Re: McGlothlin v. Hennelly

This report has been prepared in connection with the proceeding referenced herein and is intended for no other use.

Qualifications

My name is Eric W. Rose. I am a Partner at Englander Knabe & Allen (EKA), the largest independent public affairs agency in Los Angeles County. Our firm has a national reputation for excellence in public affairs, crisis communications, and management of complex litigation communications matters. I practice my trade at the intersection of law, media, and public perception, bringing a depth of critical understanding and a breadth of resources and experience that are unique in the public relations field. My report, in this case, is based on my communications and crisis experience amassed from over thirty years in both the public and the private sector.

My experience includes working with elected officials, government organizations, corporations of varying size, and celebrities to provide reputation management, media relations, and crisis services. I work with the media daily on behalf of my clients. I have assisted various clients with everything from urgent crises to social media and reputation issues. During these engagements, I have often been asked to assist clients in developing and implementing effective strategies and techniques to repair existing damage or help rehabilitate reputations. I have also provided counsel and services to clients in a broad range of businesses, professions, and industries, as well as to nonprofit and government entities on a local and national basis.

Since being court-qualified as an expert witness for Courtney Love in the first case of an individual in the U.S. to go to trial over an allegedly defamatory tweet, I have been retained to serve as an expert witness in several other defamation cases. I am often asked to provide an opinion to determine if a person's reputation was damaged, and if so, how they can repair their reputation and the costs associated. I have also been retained to provide analysis and offer my opinion regarding corporate communications, which sometimes involves assisting in a company's handling of a crisis after a product recall. I accept very few expert witness cases and in the cases I have accepted, I have served both defendants and plaintiffs.

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I amassed a great amount of experience and expertise in aiding and counseling people, businesses and entities that were in trouble, conflict or have been harmed by negative communications that affected/damaged their name, goodwill, image, reputation, brand, etc. For over a decade, clients have sought me out as an expert source and analyst for mass media on issues relating to crisis communications and issues involving damage to one's image or reputation. My Curriculum Vitae (CV) provides additional details on my background and qualifications. My CV also lists cases in which I have testified as an expert at trial or by deposition within the preceding five years. I have never been disqualified as an expert.

Assignment

Brent B. Young, with the law firm Baker Donelson, retained me to provide my expert opinion and analysis in connection with the litigation brought against the defendants. The firm is paying my firm, Englander Knabe & Allen, \$600 per hour for my work on this report. My compensation is not dependent upon the content of the opinions provided in this report or any subsequent expert testimony that I may provide.

I have been retained to address the effects on James W. McGlothlin's personal and business reputation as a result of the dissemination of false information. I was asked to provide an analysis and offer my opinion on the potential impact and damage to Mr. McGloghlin's image and to examine the impacts on his reputation arising from defamation. In keeping with our agreed upon scope of work, my analysis of the situation is from a crisis and reputation recovery point of view. I will not be providing a comprehensive look at any of the legal issues that may exist in this case. In this report, I will discuss the impact, effects, ramifications and negative consequences resulting in damage to the plaintiffs.

The opinions in this report should not be considered legal conclusions or arguments. I have no direct financial interest in the outcome of this matter. This report describes my work to date and summarizes my findings, opinions and conclusions. I may update my opinions and conclusions if presented with new and different information before testimony.

I conducted my analysis with the intent to be fair-minded. All of us have biases, but I know from my experience working with countless clients whose image and reputation have been harmed that they must be set aside in favor of a method that is objective.

Research & Review

James W. McGlothlin v. Kevin N. Hennelly

US District Court for the District of South Carolina
Case No. 9:18-cv-00246-DCN

My opinions are based on my reliance on the accuracy and authenticity of the evidence I have been provided, by my independent review of documents, my own independent research and my years of experience helping companies and individuals deal with reputational issues. I have reviewed the complaint and other materials (see list below) in the above-styled action with particular attention to the reputational damage to the plaintiffs.

- Exhibit A – Facebook Post from Mr. Hennelly
- Exhibit B – *Inland Packet* article “Hilton Head National developers: Why golf lost its swing there and what the future holds”
- Exhibit C – Social media commentary from Mr. Hennelly
- Complaint with exhibits and comments.

The materials listed above, my experience as detailed in my CV and my research formed the basis for the findings, conclusions and opinions I offer in this report.

Complaint

According to the complaint, the plaintiff, James W. McGlothlin, is a founding member of The United Company, which is the parent company of Scratch Golf, LLC, a South Carolina corporation. The Defendant Kevin N. Hennelly lives in Beaufort County, South Carolina. Scratch Golf owns the world famous Hilton Head National Golf Course in Beaufort County, South Carolina. In July 2016, Scratch Golf applied to Beaufort County to amend the rezoning of the Property (“Rezoning Application”).

As detailed in the complaint, Mr. McGlothlin alleges that Mr. Hennelly made three separate posts on Facebook and on the website of *The Island Packet*, a local newspaper, that contained various defamatory statements about him, to imply that Mr. McGlothlin is corrupt or may have committed crimes. The complaint alleges that on May 12, 2017, Mr. Hennelly posted on his own Facebook Page “A little something the Island Packet overlooked.” The May 12th Facebook Post included a link to a *Washington Post* article headlined: Virginia governor's wife was paid \$36,000 as consultant to coal philanthropy.

The complaint notes that Mr. Hennelly commented on the online version of a May 12 article from *The Island Packet* newspaper headlined: Hilton Head National developers: Why golf lost its swing there and what the future holds. The comment from Hennelly read: “It looks like they left out a few pertinent facts. The most glaring is the corrupt people involved. This guy Kent was Chief of Staff to the corrupt Governor of Virginia. He has never built a swing set never mind a 300m dollar City! James Woodrow McGlothlin gave the corrupt Governor McDonald of Virginia wife a “no show” job. The McDonalds never reported income, \$36,000. These guys are crony capitalists and will break every rule in the book to get a government favor or handout. Let's vote NO to zoning change and send these carpetbaggers packing. Let's tell them loud and clear our elected officials are not for sale and are above reproach.”

On May 23, 2017, on his Facebook page, Mr. Hennelly posted the following: “A few final observations. This was never about a project; there is no project. This is about a request for zoning change for the sole purpose to quadruple the value of the land. The crooked owners wanted a government handout and not give anything in return. This is Crony Capitalism. I hope it is clear to these crooks from Virginia this will not fly in Beaufort County. It is sad that Brian Flewelling believes public input is external drama and distracts from the process. Brian you are wrong. Chairman Paul Summerville did an excellent job from the beginning providing a fully transparent process and bent over backwards to hear all public comment, thanks Paul. We saw how the board should function and should demand the same from Beaufort County school Board. Tabor Vaux did an excellent job and proved himself a leader in our community. He tried to get a

development agreement but wisely stopped the process when he realized they were negotiating with themselves. Great job Tabor. *The Island Packet* gets an “incomplete” grade on their coverage of the issue. For some reason the refused to print the documented corruption of the owners of the United Company. Martin Kent and James McGlothlin were up to their eyeballs in the recent scandals in Virginia with the Governor and his wife. McGlothlin gave the Governors wife a no show job at the heart of the ethical and criminal activity Beaufort County and Bluffton residents; you rock. What an outpouring of opposition. Over 3700 people signed the petition. Proud to live in the community with informed involved residents. Last, hats off to Collins Doughtie, you gave so much to our community. You organized the opposition to Zoning Change and represented professionally. Thanks Collins for your time and efforts.”

The complaint details the Facebook posts Mr. Hennelly published about Mr. McGlothlin including calling him a “Crony Capitalist” and a “crook” as well as statements where Hennelly states McGlothlin gave the corrupt Governor McDonald of Virginia's wife a “no show” job. The same comments appeared in *The Island Packet* comment section and Facebook posts,

James W. McGlothlin

James McGlothlin was born in Buchanan County, Virginia on June 18, 1940. He grew up in a middle-class family, working while attending public schools in his hometown and later got his Bachelor's degree in Psychology from William & Mary in Williamsburg, VA. He also received a Law Degree from Marshall Wythe School of Law achieving both degrees within 5 years. After law school, he joined a law firm from his hometown of Grundy and stayed with them until becoming the Founding Partner of United Coal Company in 1970. United Coal Company later merged into The United Company where McGlothlin served as Chairman/CEO for four decades and is now the sole owner. At United, he reinvested the profits, constantly improving and growing the mining operations.

James McGlothlin has served on many boards over the years including, CSX Corporation, Bassett Furniture, Dominion Bankshares, Star Oil & Gas, etc., which he has not retired from. Mr. McGlothlin is still very involved in his business while also focusing on his philanthropic endeavors. Some of the areas he is involved in is being on the Board of Mountain Mission School which is focused on educating boys and girls in his hometown of Grundy, The Virginia Museum of Fine Arts, the PGA Tour and is a National Trustee of First Tee. His company also donates a substantial amount of money to colleges and organizations like The United Way, Boy and Girl Scouts, orphanages, fire departments, shelter workshops, and senior citizen homes. Mr. McGlothlin lives in Naples, Florida and Bristol, Virginia with his wife Frances Gibson McGlothlin. Together they have three children and six grandchildren.

Kevin N. Hennelly

There is little public information available online regarding Mr. Hennelly. The Facebook page (shown in Exhibit A) has been deleted and there is no other social media presence that I can find. At the time of the comments detailed in the complaint, Mr. Hennelly was not part of any type of government organization. My research indicates that Mr. Hennelly is a current member of the Planning Commission of Beaufort County, South Carolina. His comments, given his public office and position of trust, hold more weight than that made by a community member. I have not seen any comments to indicate that he has formally apologized or made any effort to

acknowledge that the comments he made about Mr. McGlothlin were false. Without the admission of wrongdoing, people in his community, who know him as the “Planning Commissioner” will most likely believe them. In Beaufort County, where both Mr. Hennelly and Mr. McGlothlin work, Hennelly has spread doubt about McGlothlin’s business practices.

Original Posts

As mentioned above, I believe that the Facebook posts have since been deleted, however, the original article online, Hilton Head National developers: Why golf lost its swing there and what the future holds, shown in Exhibit B is still searchable. There are currently no comments posted in response to this article.

Beaufort County Council

The Beaufort County Council voted on May 22, 2017, to reject the rezoning application brought forth by Scratch Golf.¹ The County Council voted NO off the recommendation of a subcommittee of the Council’s Natural Resources Committee.²

Kevin Hennelly is currently on the Beaufort County Planning Commission. In May of 2017, he was not yet on the Commission and therefore was not part of the formal review of Scratch Golf’s application. It should be noted that Commissioner Hennelly has subsequently recused himself from the map amendments on the Hilton Head National place type due to “financial consequences.”³

Case Research

Kevin N. Hennelly is a member of the Beaufort County Planning Commission. As detailed on the County’s website, “the Planning Commission advises Council on matters relating to preparation for the future; to advise the appropriate Councils, through the Planning Department, on ways of overcoming collective problems involving the County, municipalities, and other contiguous counties; to advise Council in the orderly planning for wise conservation of natural resources, and preservation of the scenic beauty and environment of the lands and waters of the County.”

On May 22, 2017, the Beaufort County Council denied the Rezoning Application from Scratch Golf LLC, to change the zoning of a 299.2-acre parcel.

Washington Post article

Virginia governor’s wife was paid \$36,000 as consultant to coal philanthropy

https://www.washingtonpost.com/local/va-politics/virginia-governors-wife-was-paid-36000-as-consultant-to-coal-philanthropy/2013/06/02/c8d6ff50-c868-11e2-9245-773c0123c027_story.html?utm_term=.2dd4572cb824

¹ <https://www.bcgov.net/departments/Administrative/beaufort-county-council/council-meetings/agendas/2017/052217regular.pdf>

² <https://www.islandpacket.com/news/politics-government/article148698019.html>

³ <https://www.bcgov.net/departments/Administrative/beaufort-county-council/boards-and-commissions/council-appointed/board-list/planning-board/minutes/2018/060418.pdf>

BY ROSALIND S. HELDERMAN

June 2, 2013

Maureen McDonnell, the wife of Virginia's governor, was paid \$36,000 last year to attend a handful of meetings as a consultant to the philanthropic arm of one of the state's major coal companies, a top coal company official said.

Gov. Robert F. McDonnell (R) indicated on his annual financial disclosure forms for 2011 and 2012 that his wife served as a paid trustee of a family charity, the Frances G. and James W. McGlothlin Foundation.

But in an interview, James McGlothlin said the \$21 million family foundation never named McDonnell to its board.

Instead, McGlothlin said, the family asked Maureen McDonnell to become an adviser to the charitable efforts of both the family foundation and the United Co., a natural resources and real estate company in Bristol, Va., that has made the McGlothlins one of the wealthiest families in the state.

McGlothlin, who founded the company in 1970 and is its chairman and chief executive, said the first lady is paid by the company and not the foundation.

By reporting that his wife was on the board, the governor never had to say on his financial disclosure form how much she was paid. McGlothlin confirmed the salary.

A spokesman for McDonnell declined to comment about the arrangement, saying that all questions about it should be directed to McGlothlin.

Elected officials in Virginia are legally required to disclose any employer that pays their spouses at least \$10,000 annually. Separately, they also are required to disclose whether they or their spouses are paid directors or officers of any company.

If the governor had indicated that Maureen McDonnell's position with the United Co. was a job that provided her with an annual salary, the public would have been able to conclude that her paycheck exceeded the \$10,000 reporting threshold.

By listing it as a paid trusteeship instead, he did not have to provide any information about the size of her compensation.

News of the relationship comes as the FBI and Virginia State Police are exploring the McDonnells' finances as part of an inquiry into the couple's dealings with Jonnie R. Williams Sr., the chief executive of a dietary supplement manufacturer who paid \$15,000 for the catering at the 2011 wedding of the McDonnells' daughter.

Michael Herring, commonwealth's attorney in Richmond, has confirmed that he has been conducting a review of McDonnell's financial disclosures since November.

'Really ideal'

For a few days of work, Maureen McDonnell picked up a salary nearly equivalent to the average starting pay of a Virginia teacher. As governor, Robert McDonnell is paid \$175,000 a year. McGlothlin said that Maureen McDonnell never asked to be paid but that the company decided to compensate her for her advice. He said the arrangement was born over a dinner at which he, his wife the governor and first lady got to talking about how the McGlothlins' charitable interests in education and health care aligned with those Maureen McDonnell has pursued as first lady.

He said she attended two or three meetings with company and foundation officials in Bristol as part of the arrangement.

"She definitely didn't ask," he said. "We said to ourselves: 'Hey, I wonder if she would help us with this? It'd be really ideal to have someone of her stature involved.' "

Company officials found her advice useful in establishing funding priorities, he said. For instance, he said, Maureen McDonnell has been able to connect the foundation with notable people in Richmond who might be interested in coming to charitable events.

"If you want to invite a bunch of people to something, she's able to do that," McGlothlin said. The public biography of Maureen McDonnell, a former Redskins cheerleader who has owned a business marketing nutritional health-care products, does not indicate that she has worked in professional philanthropy.

'Very helpful'

Maureen McDonnell, who has been married to Robert McDonnell for 36 years, has increasingly emerged as a central figure in the relationships that have drawn scrutiny to the governor's finances.

In addition to looking into the \$15,000 Williams provided for the catering at the wedding of the McDonnells' daughter, the FBI and Virginia State Police are also asking questions about other undisclosed gifts Williams provided to Maureen McDonnell and whether the governor might have assisted the company in exchange for those gifts, according to people with knowledge of the questions.

Virginia law requires elected officials to disclose all gifts they receive worth more than \$50, but they do not have to disclose gifts to immediate family members. McDonnell has said the \$15,000 was a gift to his daughter and not to him.

Three days before the wedding, Maureen McDonnell flew to Florida and offered a testimonial to doctors and investors about the potential benefits of Anatabloc, an anti-inflammatory not approved by the Food and Drug Administration that Williams's company was then introducing to market.

She then organized an event at the executive mansion a few months after the wedding that marked Anatabloc's formal launch.

McDonnell aides have said Maureen McDonnell's interest in Star Scientific was just one part of her extensive efforts to promote Virginia-based companies. They said the company's work also dovetailed with her interest in preventive health care.

The McGlothlins, meanwhile, are well-known philanthropists in Virginia. With \$40 million in assets in 2011, the United Company Charitable Foundation funded a program in 2011 to bring hot meals five days a week to more than 1,000 low-income people in the Bristol area. It also ran a scholarship program at a school for at-risk children in Grundy, according to public IRS filings. James McGlothlin said he and his wife launched their own foundation a few years ago as he began to phase out his day-to-day work with the company. Its assets have reached \$21 million, and contributions go to dozens of health-care and educational institutions in Virginia and other states.

The couple also recently contributed \$25 million to Virginia Commonwealth University for a new medical building and gave an estimated \$100 million to the Virginia Museum of Fine Arts, helping to fund a new addition. A 2010 black-tie reception celebrating the opening of the new wing, which bears the couple's names, drew the McDonnells along with five former Virginia governors.

James McGlothlin said that he appreciated Maureen McDonnell's input into the company's efforts and that he sometimes meets with her to discuss projects on visits to Richmond. "She's been very, very helpful," he said. "She has lots of ideas about how to help with kids and education."

It is not clear how the McGlothlins and McDonnells became close, although McDonnell has been supportive of the coal industry in Virginia.

Last year, he attended a rally designed to support the industry, flying to Abingdon on the private plane of Alpha Natural Resources, another major coal company. He also supported a 2012 bill in the General Assembly that extends until 2017 a tax credit for coal companies that had been set to expire in 2015.

Started in the 1970s as a coal company, the United Co. and its subsidiaries continue to run coal mining operations in Virginia and a number of other states. The company is also active in financial services, oil and gas and owns golf courses and other real estate.

Alice Crites contributed to this report.

Island Packet Article

Hilton Head National developers: Why golf lost its swing there and what the future holds
<https://www.islandpacket.com/news/business/real-estate-news/article149986032.html>

By Lucas High
lhigh@islandpacket.com

Martin Kent, president of Hilton Head National's parent firm, the United Company, begins this video recap speaking before the Beaufort County Planning Commission in Sept. 2016 about the golf course not being able to remain sustainable as a golf club.

By Drew Martin

In contrast to recent public outcry over redevelopment plans for the Hilton Head National Golf Club, the 300-acre course's beginnings were far more subdued.

The golf club, bordered by Bluffton Parkway and Malphrus Road in greater Bluffton, started as a straightforward business deal between Bill Palmer, president of Scratch Golf LLC, the course's ownership and management group; and James McGlothlin, the 76-year-old semi-retired founder of the Virginia-based United Company, Scratch Golf's parent firm.

Late one evening in 1988, Palmer and McGlothlin — whom Palmer describes as a "golf buddy" he's known since the 1970s — were relaxing in Nevada at the old Desert Inn, now the site of the Wynn Las Vegas hotel and casino.

"We just started talking about golf and decided we would go back to Hilton Head," and partner on the purchase of land for a course on the mainland just west of the island bridges, Palmer said.

The plan "survived into the next day, so I figured it must be a decent idea," he joked.

Scratch Golf was soon formed with Palmer at the head and McGlothlin's outfit supplying the capital investment. Just a couple of years later, golfers were teeing up drives at the spanking new Hilton Head National Golf Club.

For years, things went swimmingly for Scratch Golf.

"We meant to only own Hilton Head National, but we ended up owning nine golf courses across the Southeast," Palmer said.

But the golf course business started changing about 15 years ago, he said.

"There are the same amount of golfers as there were in '80s and '90s, but there has been an overbuilding of golf courses" in the past couple of decades, creating steep competition and driving down the price of greens fees, he said.

The company is down to three courses, having sold off the others in recent years.

At Hilton Head National, there are 18 holes where there were once 27. Soon, there will likely be none.

Martin Kent, president of the United Company, said the reduction in holes, which came as a result of the Bluffton Parkway extension in 2011, forced the owners to consider redeveloping the course.

Palmer agreed, saying losing nine holes “made a huge difference” for the business.

“It’s hurtful to see that (the property is) not going to continue as Hilton Head National,” Palmer said. “But it can’t remain a golf course, because we just can’t sustain it — (the) golf (course industry) has gone a little bit south because of the overbuilding of courses.”

“I’m going to be sad to see it go,” he said of the greater Bluffton course originally designed by the firm of golf legend Gary Player.

No ‘flip-of-the-switch decision’

In its place, plans called for the construction of 300 apartments, 300 homes, 500 hotel rooms, 400,000 square feet of retail space, 125,000 square feet of office space, a 400-bed assisted living facility, a 1,500-seat performing arts center, a convention center and a water park.

An even larger development — seeking maximum the allowable uses under the Beaufort County Community Development Code — was previously proposed.

A Beaufort County Council subcommittee tasked with negotiating a development agreement with property owners offered a proposal in March that would allow construction on fewer than half of the 300 acres.

The owners balked. Negotiations broke down, and the subcommittee voted recently to disband.

Kent said the Hilton Head National project represents a major test of the county’s development code, overhauled in 2014 and used by planners, developers and elected officials as a guide for growth in the county.

“We are the first development of this size to go though (the county’s approval process) under the new development code,” he said. “We knew when we walked into this that it wouldn’t be an overnight, flip-of-the-switch decision.”

County planning staff and elected officials “held our feet to the fire,” Kent said.

Another wrinkle in the project plans: The prospect of a new arts venue on or around Hilton Head Island has been a hot topic of late. Kent said he and his team recognized that, and county zoning allowed them to incorporate that idea in their now-rejected proposal.

“I know there is debate as to whether it should be on Hilton Head Island or should it be out” on the mainland in the greater Bluffton area, he said.

"But wouldn't it be great if there was a place relatively close to Hilton Head Island where you have a willing developer with the ability to (build) it?" Kent asked rhetorically.

It's unclear, however, whether such a venue will be part of any future proposals the course owners may bring before county officials.

Outsiders and insiders

While Palmer, a long-time Beaufort County resident, represents something of a known commodity among segments of the local population, Kent acknowledges he is a relative newcomer.

"The citizens here might not know me well right now, but I hope I get the opportunity to get to know them," Kent said.

An attorney by trade, the 46-year-old Virginian joined the United Company three years ago following stints working in private practice and for the Virginia state government in Richmond. His career in government peaked when he was tapped to serve as chief of staff for former Virginia Gov. Bob McDonnell.

"Real estate development wasn't my first (career), but I've immersed myself specifically in South Carolina law and the development process," said Kent, who lives and works near Bristol, Va., where the United Company is headquartered.

One of the concerns locals have expressed about the Hilton Head National project is the perception of an air of mystery surrounding the United Company's operations.

"There is no simple explanation" as to what specifically the company does, Kent said, noting, "The way we describe ourselves is we are a 'diversified private-investment company.' "

The United Company, which McGlothlin founded in 1970 under the United Coal Company moniker, "started out as a coal company, and that was a large part of our business," Kent said.

"But the company also dealt in oil and gas," he continued. "We also were involved in pharmaceuticals. There have been a lot of different industries we've been involved with over the years."

In recent years, the company's focus has shifted toward real estate investing and serving as "something of an incubator to help grow businesses," Kent said.

While McGlothlin maintains a financial and personal interest in the course — Hilton Head National was the first golf course he was involved in developing — the daily operations and decision-making related to the proposed redevelopment fall to Kent and Palmer.

"At the end of the day, this whole project is a collaborative effort between (Palmer) and the United Company," Kent said.

Opponents of the project — more than 2,700 of whom have signed an online petition called “Stop The Hilton Head National Project!” — have expressed concerns that, if the property is rezoned, the developers will decide to divvy up the land and sell it piecemeal to the highest bidder.

But Kent and Palmer stressed that this is not their plan.

“There is no plan to change ownership,” Kent said. “The same people that Hilton Head National has put forth for the last 30 years will be the same people we will put forth going forward.”

Said Palmer: “My family has been here since 1975. We don’t want to go anywhere else.”

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Note: The comment section below the web version of the Island Packet article is no longer available online. It is unclear when the comments were removed.

Nature and Impact of Negative Communications

There are two methods of dissemination of negative information—controlled and uncontrolled.

“Controlled” means everyone directly exposed to the information can be pinpointed (e.g. person-to-person remark, written communication to only certain people, speech to an audience at a single forum) in a contained environment. In this scenario, only these people have the negative information and have not passed it on in any way (e.g., word of mouth, written communication). These instances provide an opportunity to refute the negative information by presenting an opposing view to the input they had received.

“Uncontrolled” means that either the original recipients of the information have passed it on in various ways to others that cannot be identified or reached—or it was disseminated in such a way that there is no way of knowing exactly who received it or what they may have done with that information. In this instance, where the information was disseminated on social media and via publicly available website postings, it is impossible to ensure that everyone exposed to the negative information has access to the opposing viewpoint. These instances are extremely damaging because in the absence of counter information, in my professional experience, the original (negative) information is usually accepted as true.

Negative information which is disseminated can never be completely erased or overcome. For example, consider the “best case scenario”—controlled dissemination:

- In countering the initial (negative) information, the second source of information reaching a person may have less impact because the person may have already given credence to the first input. Alternatively, they may filter the second information through the original information received (e.g., it is not a “clean slate”).
- Even if people receive opposing information, they may be dubious about it, given what they were already told (e.g., “where there is smoke, there must be fire”).

- A person presented with both sets of information may feel unsure about which is accurate. In that case, in my professional experience, human nature often leads people to take the conservative approach: steering clear of the subject of the information (e.g., “why take the chance”) or going with another choice.

The real damage occurs with both controlled and uncontrolled dissemination, but the uncontrolled accusations are the most difficult to repair.

- In the absence of counterbalancing or challenging information, people can be convinced to accept as true that which is told to them if it has an air of plausibility, either due to the content of the information or the position of the person delivering the information.
- The inability to identify who has received the information precludes the ability to ensure everyone who received it also is provided with the correct information.
- When information isn’t countered, the original story can be passed on by “word of mouth” as well. This is particularly dangerous and harmful because when passing from one person to the other, the original information can be misinterpreted, exaggerated, embellished and/or distorted, potentially elevating the negativity of the information.
- Finally, and most importantly, if the negative information is not confined to the original people who heard it, its spread can be limitless and its existence prolonged.

The false dissemination of statements by Mr. Hennelly in a public comment section of a newspaper and on a Facebook page falls into the uncontrolled dissemination of information. In addition, we don’t know how often or where the uncontrolled dissemination was repeated to others who are unknown to the target of the allegation. This compounds the harm when the allegations are false since Mr. McGlothlin cannot provide contrary information to the recipients of the false statements. Even to those that do not have a strong opinion of McGlothlin after being exposed to the statements by Mr. Hennelly, they will still doubt his character and question his reputation, simply by being exposed to the allegations.

Message crafting

A review of the word choices and phrases repeatedly communicate the message that Mr. McGlothlin is dishonest and cannot be trusted. Some examples of those word choices and phrases include:

- McGlothlin, as an owner/operator of United, engaged in “documented corruption”, relating to a highly-publicized scandal involving the Governor of Virginia and his wife
- McGlothlin gave the corrupt Governor McDonald of Virginia[s] wife a “no show” job

Negative Impact

Because Mr. McGlothlin is a well-known businessman, the comments from Mr. Hennelly were even more damaging. The negative impact on his reputation and business is significant. The

statements call into question Mr. McGlothlin's business ethics, integrity, and hurt his company. The statements are not just false and offensive, they were designed to harm his reputation and dissuade others from doing business with Mr. McGlothlin or companies associated with Mr. McGlothlin and United Co. The obvious purpose of Mr. Hennelly's comments were to cause the community and Mr. McGlothlin's business partners to no longer trust him. Parsing out one statement in the Facebook posts or comments to the newspaper story that might contain some truth or be true doesn't alter the overall impact of the false statements, in fact, it makes them more believable. Also, by posting the negative comments on multiple different media outlets the comments have the ability to reach a wider variety of audiences.

Mr. Hennelly clearly understood the goodwill Mr. McGlothlin had built up over the years as detailed above. Mr. Hennelly is a very smart person and recognized that his goodwill was a valuable asset when he attempted to tear that built up "goodwill" down with his attacks on Mr. McGlothlin's honesty and integrity. In opposing Scratch Golf's application to Beaufort County which would amend the zoning of the property, Mr. Hennelly resorted to making statements that claim that Mr. McGlothlin is dishonest. For a developer that must rely on government bodies and business partners to believe in them to fulfill their goals, those comments are not merely humiliating and embarrassing; these statements harm a person's professional reputation.

Reasonable people hearing the statements might be deterred from associating or dealing with Mr. McGlothlin because the statements pertain to Mr. McGlothlin's honesty and integrity. The comments are more than mere insults, they carry a significant sting. The Facebook post and comments to the newspaper show that Mr. Hennelly who was opposed to the Hilton Head project had ill-will and the intended to hurt Mr. Hennelly by calling him "crooked," which meaning is understood by everyone.

Mr. Hennelly intended to impugn Mr. Hennelly's character by stating that Mr. Hennelly had engaged in dishonest and illegal activity, as detailed above. He used character assassination and his keyboard to falsely and maliciously accuse Mr. McGlothlin of corruption, falsely attributing to him knowledge he did not have. He led readers to believe that Mr. McGlothlin was involved with the highly-publicized scandal involving the Governor of Virginia and his wife and imputing to Mr. McGlothlin's dishonesty, unethical behavior, criminal activity, lack of integrity, and him being a crook -- statements that are false and hateful. Mr. Hennelly spread lies and defamed Mr. McGlothlin to get others to oppose a rezoning application.

The bond of trust is a foundation of any business relationship, especially in the development community. Mr. Hennelly surely knows the importance of that trust, which is why he used the words "crooked owner," "documented corruption," "Crony Capitalist" and "crook" in his attacks on Mr. McGlothlin. The statements were made with the intent to harm - that's obvious. Further, no fair reading of the statements in the context of other things Mr. Hennelly wrote would lead the reader to believe that they were statements of opinion. The comments were presented as facts and lead the reader was to conclude that Mr. McGlothlin is dishonest. Mr. Hennelly's attempt to dress up his allegations around other messages, in my opinion, was designed to give greater heft to his claims.

Mr. Hennelly went to great lengths to present his charges as “facts.” Adding comments to a news story and also adding a link to the *Washington Post* article highlights his approach. The message was crafted to have one believe that an independent journalist had omitted an important fact from the story, and that his comment added to a reader’s understanding of the story.. The Facebook post was made so that the reader would not view it as opinion, but as having factual and supportable charges.

False statements, widely distributed and carefully crafted, are not simply opinions in the “marketplace of ideas.” The charges of dishonesty went to the core of what Mr. McGlothlin had carefully built up for years.

Reputation and Impact

A person’s reputation is a key factor in many decisions, especially for those who are asking a government body for permission to make a change in planning that will result in the developer having to fulfill promises. A reputation is something that is built over a long period of time but can be destroyed in an instant. Warren Buffet, the Oracle of Omaha, understands the importance of corporate culture and the importance of a reputation. He has been quoted as saying: “It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.” He has also said, “Lose money and I will forgive you. Lose even a shred of reputation, and I will be ruthless. Wealth can always be recreated, but reputation takes a lifetime to build and often only a moment to destroy. Buffet’s message is simple: culture, reputation, and profitability are all related.

The fallout from Mr. Hennelly actions, in my professional view, besmirched the reputation of Mr. McGlothlin not only in Beaufort County, South Carolina but also in other communities Mr. McGlothlin may want to do business in and have future business partners in. It is likely he will never be able to completely remove doubts about his character from those who saw the post, read the comments online or those who were subsequently informed of the post contents by those who viewed and read them. It is my professional opinion that Mr. McGlothlin suffered negative consequences of the post including:

- Damage to his name, image, and reputation;
- Loss of goodwill within the community;
- Disruption in his ability to conduct business;
- Disruptions in working relationships with peers and future business partners;
- Humiliation and embarrassment due to false accusations; and,
- Loss of income and increased costs (e.g., need to repair her reputation, legal fees, time spent refuting the false information).

Recovering a Professional Reputation

I have substantial experience in helping individuals and companies recover reputations. It is my view that Mr. McGlothlin experienced harm to his reputation by the actions of Mr. Hennelly. The damage that is done is exemplified by the story of former Secretary of Labor Ray Donovan who was acquitted of criminal fraud charges. On the courthouse steps, following the acquittal, the only thing he asked is “Which office do I go to get my reputation back?” In this case, while the reputational harm to Mr. McGlothlin may not be publicized to the same level as it was for

Secretary Donovan, the damage in the community he works in—golf and development community—can be just as lasting and deep.

One becomes a reputation harm expert by having worked with numerous companies and individuals who have endured a crisis which attacks their character and reputation. It is working with those clients that I have learned the depth of harm that can be caused, and the time/effort/cost of implementing strategies to repair that harm. The best way to determine the extent of damage is by conducting strategic research. Once a more precise calculation of the extent of harm is determined, a mitigation strategy can repair the damage caused.

There is no way to completely remove the stain caused by false accusations. Mr. McGlothlin may find it difficult to get projects approved. Even when the allegations are false, future government bodies and business partners may be wary of doing business with Mr. McGlothlin due to the “baggage” attached to the person via the allegation of being a “corrupt” and a “crook” with “documented corruption.” Unfortunately, these comments will undoubtedly have harmful and negative consequences to Mr. McGlothlin both the short term and well into the future. It will be very difficult to fully repair Mr. McGlothlin’s damaged reputation for several reasons. Most importantly, it will be impossible to reach everyone who saw the posts and formed an opinion in regards them.

Strategic Research

The glue that binds all phases of a reputation rehabilitation program is strategic research, which provides the foundation upon which all work should be based. I recommend that Mr. McGlothlin take these steps to understand the true extent of damage that Mr. Hennelly’s accusations have caused. To do that, I would recommend that qualitative and quantitative research be completed. In my experience, it is necessary to do qualitative research (via telephone survey) to fully understand the attitudes of people about Mr. McGlothlin, followed by quantitative opinion research (focus groups). Given the issues at hand, I believe that researchers would want to test the following:

- A reputation for integrity in every aspect of Mr. McGlothlin’s operations;
- Trusted businessman; and
- Whether he is perceived to have engaged in unethical activities.

Researchers should also survey business leaders to get a better understanding of:

- Perceived strengths and weaknesses after hearing the allegations against Mr. McGlothlin; and
- What messages would be needed to regain confidence in Mr. McGlothlin in the community and among his peers?

In my professional opinion, best practices would be to have the first phase of research involve approximately 300 individuals, and the survey could be conducted among a random sample of people living in South Carolina. While a valuable research tool, surveys generally ask closed-ended questions that may limit the feedback that can be gained from the person answering the questions on the phone.

After the telephone survey is completed and the data is analyzed, I recommend the next step in the research to involve focus groups. Focus groups would allow Mr. McGlothlin to gain insights into how real people perceive the issues at hand. Using both research methods, Mr. McGlothlin will be able to uncover issues and concerns and explore the issues that Mr. Hennelly raised with his posts.

The firm being used for testing would have to be one that operates in an unbiased manner. It is my experience that each focus group participant will need to be compensated \$300 each. It generally takes ten business days to recruit the participants and prepare the focus group guide. Mr. McGlothlin would then have a great deal of input on the final design of the guide. Once the focus groups have been completed, a written analysis would be prepared, and an action plan would be developed. Messaging is going to be critical for the reputation repair campaign. Based on my professional opinion and experience, this strategic research phase, if implemented properly, is estimated to be a one-time cost of \$60,000-\$85,000.

Creating a Reputation Repair Strategy

After the research is complete, the marketing/public relations company would review the findings with Mr. McGlothlin and recommend a series of marketing and public relations activities founded on the research. Based on my experience, the repair strategy should be guided by these three principles:

1. Simplify the message:

All communications activities must revolve around a concise, comprehensible set of key messages that strike a delicate balance between the business development needs and correcting the misinformation.

2. Break down misperceptions caused by Mr. Hennelly's negative communications:

Mr. McGlothlin and his company can be trusted.

3. Enforce consistency and repetition:

Review communication materials, ranging from press releases to the website to brochures, etc., to ensure that they show they perpetuate central messages and themes in order to get ahead of the issues that were raised by Mr. Hennelly's claims. The key messages must be articulated in a highly consistent manner and repeated whenever and wherever possible.

The communications campaign that delivers against this strategy must effectively "pump up the volume" of industry media coverage reaching all of the key audience groups. This will be accomplished by expanding the number and type of publications to which the company reaches out to. And, it will be bolstered by securing unique and creative stories that generate interest in the broad capabilities of the company, as well as articles about Mr. McGlothlin and Scratch Golf.

Sample Activities

The following are some of the proposed activities that a marketing and public relations firm might undertake to support a reputation repair program. This is not an exhaustive list of the activities needed to create an integrated communications program. The objective would be two-

fold. The first would be to expand and leverage the existing marketing communications activities being undertaken, and the second would be to drive increased awareness of the facts about Scratch Golf and Hilton Head National Golf Club. The messages would be consistent with the strategy and key messages that are derived from the research about the perceptions of the company caused by Mr. Hennelly's claims. Activities could include but are not limited to:

Cause-Related Activities

Because Mr. Hennelly repeatedly questioned Mr. Hennelly's ethics and accused him of being corrupt, he targeted the one area where all companies are vulnerable, particularly those that operate within a bond of trust. The role of trust in building a strong community and business relationships is one of the most important components for leaders of companies. The marketing and public relations team is going to have to approach this assignment as though a crisis has just ended. For example, Hilton Head National Golf Club may for the time being have to slow down project-based communication and introduce higher-purpose initiatives using, where possible, real stories of real people.

- Media outreach and background briefings;
- Media positioning of executives and trusted experts in the field;
- Image advertising that reinforces the “trust” theme; and
- Social media marketing.

All of these activities should reinforce the “trust” themes.

Costs of implementing an effective reputation management campaign

I do not know how much Scratch Golf and Hilton Head National Golf Club spend on advertising, marketing, digital media, and public relations. It is my view that an effective reputation management campaign, consistent with the tasks described herein, is necessary to rebut the harm to reputation that naturally results from defamation. Based on my professional experience, the minimum costs to repair Mr. McGlothlin's reputation (and by extension Scratch Golf & Hilton Head National Golf Club from the harm caused by Mr. Hennelly are estimated to a reasonable degree of professional certainty as follows:

Task	Estimated Cost
Strategic Research	\$60,000 to \$80,000 one-time cost
Website updates	\$15,000 one-time cost
Creating and implementing a reputation repair strategy, including social media marketing/advertising	\$750,000 to \$850,000 per year

Pricing for Similar Campaigns

Many resources will be needed for an effective reputation management campaign. I arrived at the figures in the above-estimated cost column based on my professional experience implementing similar programs over the past 30+ years. It is not unusual to have reputation repair campaigns that exceed \$100,000 per month, even for a single individual, to create a reputation repair strategy. For larger companies, I have been involved in campaigns that have lasted several years and cost more than \$250,000 per month. To put these figures in perspective, Michigan State University spent over \$500,000 in one month with a large public relations firm to simply monitor the impact on Michigan State surrounding Larry Nassar, who was convicted in the US Olympics gymnastic scandal.

Based upon my 30 years of experience, it is my professional opinion and conclusion, to a reasonable degree of professional certainty, that the damages here will cost Mr. Hennelly a minimum of between \$750,000 and \$950,000 a year to repair. These are conservative figures and represent only one year of a reputation repair campaign. If I were implementing this repair strategy, my advice would be that it would take at least two years to be effective and that the likely numbers would be higher than those of the conservative estimates I provided.

Summary of Opinions

Based on my 30 years of experience in communication and crisis management, my professional opinions and conclusions, to a reasonable degree of professional certainty, are as follows:

1. False allegations can carry severe consequences for the accused in any industry. The allegations made by Mr. Hennelly were spread on social media.
2. It will be very difficult to fully mitigate the harm caused by the allegations, spread by both controlled and uncontrolled means.
3. Mr. McGlothlin has worked extremely hard to achieve his success and is rightly worried about the impact on his professional standing, his ability to get projects approved in the future, his professional relationships and his personal reputation.
4. Any statement accusing another person of corruption that is false, has obvious negative consequences to one's personal and professional reputation. Mr. McGlothlin's only recourse to clear his name and prove his innocence was to bring a lawsuit for defamation to prove Mr. Hennelly negligently or intentionally communicated false information. The financial consequences go hand-in-hand with harm to Mr. McGlothlin reputation.
5. The fallout from the defendants' statements, in my professional view, besmirched the reputation of Mr. McGlothlin. It is likely he will never be able to completely remove doubts about his character from those who saw the posts, or those who were subsequently informed of the contents by those who viewed and read them.
6. The nature and broad distribution of the negative communications made by Mr. Hennelly require the implementation of a reputation repair strategy to mitigate the harm they caused.

7. It is my professional opinion that Mr. McGlothlin suffered negative consequences from the article including:
 - a. Damage to his name, image, and reputation;
 - b. Disruption in his ability to conduct business;
 - c. Disruptions in working relationships with others;
 - d. Humiliation and embarrassment due to false accusations; and,
 - e. Loss of income and increased costs (e.g., need to repair his reputation, legal fees, time spent refuting the false information).

Noting that there may be further developments to come in this case, I reserve the right to supplement and/or amend these conclusions and opinions.



Eric W. Rose
May 7, 2019